11

Secta. II-37—100,000—23-5-48.

Revenue (1948) Department

Mis SERIES.

G.O. No. 775

Dated 2 4 48

[Despatch Abstract.]

Budget- 1948-49- demand for grants- Supplementary appropriation for 1947-48- Grant VII Other Taxes and Duties- Cut motions- RECORDED.

R. 12408

DEMAND NO.VII

Swami A.S. Sahajanandham, M.L.A.
Sri P.M. Velayudapani, M.L.A.

P. of B.E.47-52 To reduce the allotment of Rs. 1,11,25,400 for Other Taxes and Duties by Rs. 100

(To discuss the hardships entailed by the levy of the Sales Tax.)

REVENUE.

True Copy

DEMAND NO.* VII

SWAMI A.S. SHAJANANDAM, M.L.A.

P. of B.E. 47-52.

To reduce the allotment of Rs. 1,11,25,400

REVENUE. for OTHER TAXES AND DUTIES by Rs. 100

(To urge for exemption of traders in certain commodities from the operation of the Sales Tax and to discuss the working of the Act in

True Copy

DEMAND NO. * VII.

SRI P. VENKATESWARLU, M.L.A.

To reduce the allotment of Rs. 1,11,25,400
P of B.E.47-52 for Other Taxes and Duties by Rs. 100

REVENUE. (To discuss about the levy of the Entertainment tax and the Sales Tax)

True Copy

DEMAND NO. *VII. 4

P. of B.E. 47-52.	120 121 122	M.S. Abdul Majid Sahib Bahadur, M.L.A. Muhammad Raza Khan Sahib Bahadur, M.L.A Mohamed Abdul Salam Sahib Bahadur M.L.A.

REVENUE.

To reduce the allotment of Rs.111,25,400

For Other taxes and duties by Rs. 100

(To discuss the working of the departmentsunder the heads.)

True Copy

Rs. 13290

DEMAND NO. * VII.

165 B. Pocker Sahib Bahadur, M.L.A.
166 P.P. Hassan Koya Sahib Bahadur, M.L.A.

P. of B.E. 47-52

To reduce the allotment of Rs. 1,11,25 ·

For other Taxes and duties by Rs. 100/-

REVENUE.

(To discuss policy and the defect in the administration.)

True Copy

Revenue Department.

Demand No. VII- Other Taxes and Duties- Note on General Policy.

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	Rd. B.E. 1947-48.	Preliminary accts. 1947-48	B.E. 1948-49
13 Other Taxes and Duties.	lakhs	lakhs.	lakhs.
(b) Charges under the Electricity Accts.	1.89	1.63	1.821
(c) Entertainments Tax	62.69	45.05	82.428
Betting Tax.	9.100	7500	7600
Commercial Taxes	25.77	20.14	6.119
Charges in England.	.62	0.12	Nil
Lump sum provision on a/c of revision of the rates of dearness allowance.	.14	2.09	0.81
Total.			1,11,25

To A.S.

The following is a general note
Notes on individual cut motions will be submitted separately.

In 1939 the then Congress Ministry introduced the following taxation measures with a view to find additional sources of Revenue for off-setting the loss of income by the introduction of prohibition:--

(1) The Madras Sales of Motor Spirit Taxation Act, 1939.
(2) The Madras Entertainments Tax Act, 1939.
(3) The Madras Tobacco (Taxation of Sales and Licensing) Act, 1939.
(4) The Madras General Sales Tax Act, 1939.

2. The Madras Sales of Motor Spirit Taxation Act, 1939, came into force with effect from 1-4-1939. The Act provides for the levy of a tax on retail sales of motor spirit in the Province of Madras. The rates of tax originally provided for in the Act were as follows:--

Petrol-	One anna six pies per gallon.
Motor Spirit other than petrol.	Six pies per gallon.

With effect from 1-2-1947, these rates were enhanced to Rs. 0.4-0 per gallon in the case of petrol and to 0-1-6 per gallon in the case of motor spirit other than petrol. The receipts from the tax during the period from 1939-40 to 1946-47 were as follows:--

1939-40 lakhs.	1940-41 lakhs	1941-42 lakhs	1942-43 lakhs	1943-44 lakhs	1944-45 lakhs	1945-46 lakhs	1946-47. lakhs.	1947-48. (up to 31-12-48) lakhs
Rs. 8.12	13.16	14.6	15.43	21.56	28.70	45.78	34.90	40.20

3. The Madras Entertainments Tax Act, 1939: This Act provides for the levy by the Provincial Government of a tax on amusements and other entertainments in the Province of Madras. Prior to 1.1.1948, the tax was being levied at varying rates, depending on the payment made for admission to the entertainment. With effect from 1.1.1948 the Act has been amended and the rates are as follows:---

Where such payment (inclusive of the amount of the tax)---	Rate of tax.
(i) is not more than five annas;	One-fifth of such payment.
(ii) is more than five annas but is not more than one rupee eight annas;	One fourth of such payment.
(iii) is more than one rupee eight annas.	One theird of such payment

Another important modification that was made with effect from 1_1-48 was the provision regarding preferential rates of tax in the case of dramas, music perofrmances, dances and exhibitions. The rates in respect of these entertainments are as follows:--

Where the payment for admission inclusive of the amount of tax---	Rate of tax.
(i) is not more than three rupees;	one eight of such payment
(ii) is more than three rupees but not more than five rupees.	one fifth of such payment
(iii) is more than five rupees.	One-third of such payment

Out of the proceeds of the tax 10% is credited to the Provincial Government and the balance of 90% is paid to the local body within whose jurisdiction tho tax is collected.

The entertainments tax is not levied on payments for admission to any entertainment where the Provincial Government are satisfied--

(a) that the entire gross proceeds of the entertainment are devoted to philanthropic, religious or charitable purposes without any charge on such proceeds for any expenses of the entertainment; o

(b) that the entertainment is of a wholly educational characte or

(c) that the entertainment is provided for purposes which are partly educational, cultural or scientific by an institution not conducted or established for profit: or

(d) that the entertainment is provided by an institution not conducted for profit and established solely for the purpose of promoting the public health or the interests of agriculture or of a manufacturing industry, and consists solely of an exhibition of articles which are of material interest in connexion with questions relating to public health or agriculture, or of the products of the industry for promoting the interests of which the institution exists or of the materials, machinery, appliances or foodstuffs used in the production of those products.

The Government may also by general or special order exempt any entertainment or class of entertainments from lia bility to entertainments tax.

The recipts from the tax during the period 1939-40 to 1946-47 were as follows:--

1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
lakhs	lakhs	lakhs	lakhs	lakhs	lakhs	lakhs
Rs. 8.12	Rs 13.16	Rs 14.6	Rs 15.43	Rs 21.56	Rs 28.70	45.78

	1946-47.	1947-48,
in lakhs.	Rs. 54.78	Rs 57.16 Upto 31-1_48

4. The Madras Tobacco (Taxation of Sales and Licensing).Act 1939. The Act provided for the levy of a tax on the sale of tobacco and the licensing of trade therein in the Province of Madras. This Act has been repealed with effect from 1_4-1944 as the Government of India introduced the levy of an excise duty on tobacco and agreed to pay to this Government Rs. 22 lakhs annually by way of compensation for the loss of income to this Government by the repeal of the Tobacco Taxation Act. The question of claiming enhanced compensation from the Government of India was examined and it has been deferred on the advice of the Government of India, till the financial provisions under the new constitution are settled.

5. The Madras General Sales Tax Act, 1939. The General Sales Tax in force in this Province is a multiple point tax unlike the single point tax in force in some other provinces like Bombay, Bihar, Bengal etc. The tax is levied on persons who carry on the business of buying or selling goods and it is calculated on their annual turnover that is to say, the sum total of the amounts for which goods are bought or sold by them in a year. Dealers whose annual turnover is less than Rs. 10,000/- are exempt from tax. The main features of the tax when it was introduced in 1939 were as follows:---

Rates of tax:

If the turnover is Rs . 10,000 and above but does not exceed Rs. 20,000 per year.	Rs. 5/_ per mensem.
If the turnover exceeds Rs. 20,000 per year.	1/2 per cent of the turnover.

Exemptions:

Sales of motor spirit, electrical energy, leaf tobacco and any goods on which duty is or may be levied under the Madras Abkari Act or the Opium Act were totally exempt from tax. Sales of bullion and specie, cotton, cotton yearn and cloth woven on handlooms when sold by persons dealing exclusively in such cloth were exempt from tax subject to certain restriction and conditions relating to licences and licence fees. The sale of hides and skins whether tanned or untanned were subject to a tax at a single point. Commission agents and brokers were also exempt under certain conditions.

Changes and modifications in the Act since 1939:

For the years 1940-41, 41-42, 42-43 and for the half year ending 1-10-43 the rate of tax was 1/4 of one per cent in the case of turnovers exceeding Rs. 20,000 and Rs. 4 per mensem in the case of turnovers between Rs. 10,000 and Rs. 20,000. From 1_10-1943 the rates of tax were enhanced as follows:--

1. If the turnover is Rs. 10,000 and above and does not exceed Rs.15000	Rs. 96 per year.
2. If the turnover exceeds Rs. 15000 but does not exceed Rs.20,000	Rs. 144 per year.
3. If the turnover exceeds Rs. 20,000	1 per cent of the turnover.

These rates were in force till 31-12-1947.

(i) The other changes introduced during the period were as follows:--

(1) The sales of bullion and specie which were exempt from tax were subjected to the levy of the tax for the year 1944-45. But the exemption was restored with effect from 1_4-1945.

(2) The sales of unmanufactured tobacco which were being taxed under the General Sales Tax Act were exempted with effect from 1-4-1944 in view of the agreement with the Government of India under which the latter agreed to pay a compensation of Rs. 22 lakhs per annum.

Except for these changes, the Act has been in force since 1939 as it was originally enacted.

The Madras General Sales Tax (Amendment) Act, 1947 which has come into force with effect from 1_1-1948 has modified the original Act in the following respects:--

1) The general rate of tax has been raised from 1 percent to 3 pies per rupee.

(2) In addition to the general sales tax at 3 pies per rupee, certain articles like motor vehicles, wireless sets, etc. are liable to a special tax of six pies or 3 pies per rupee at a single point. This additional tax is payable by the first dealer who sells these goods in this Province and has a taxable turnover.

The exemption in respect of bullion and specie, cotton yarn, and handloom cloth has been withdrawn. Bullion and specie is now liable to a tax at the rate of 1/4 of one percent at a single point. The tax is levied on the first dealer in this Province who has a taxable turnover. Cotton yarn is subjected to a tax at the rate of 1/4 of one per cent at two points viz., the sales by the A & B class licensees. The sales of handloom cloth to the consumers is subjected to a tax at the rate of 3 pies per rupee. Sales of handloom cloth for export or to a wholesale a retail dealer are exempt from tax. The sales of cotton, kaddar and handspun yarn continue to be exempt from tax, sales of tea by a grower which were previsouly exempt are now liable to tax when they are not for export. Newspapers which were hitherto subject to a tax at all points are now liable to tax at a single point, viz., the sale by the first dealer in this Province who has a taxable turnover. The value of the materials used in a works contract after deducting a certain portion of it representing labour charges will also be taxed, under the Amended Act. The exemption in respect of commission agents has been retained but the onus of proof has been thrown on the person claiming the exemption and the conditions to be fulfilled have also been set out in the licence itself. Forms of accounts have also been prescribed.

4. The amended Act requires that every dealer whose annual turnover is Rs. 7,500 and above should get himself registered on payment of a registration fee of Rs. 6 per year. Any other dealer may also get himself registered. The registration certificate will be in force until it is cancelled and the dealer has to pay a fee of Rs. 6/- every year during which the certificate is in force. The Act has authorised registered dealers to collect amounts by way of tax on taxes under the Act, and the entire amount so collected has to be paid to the Government. No person other than a registed dealer is permitted to collect amount by way of taxes.

The Government have power under section 6 of the Act either to make an exemption or reduction in rate in respect of any tax payable under the Act--

(1) on the sale of any specified class of goods at all points or at specified point or points in the series of sales by successive dealers or

(ii) by any specified class of persons in regard to th_ whole or part of their turnover.

The receipts from the tax during the period from 1939-40 to 947-48 were as follows:---

939-40	1940-41	1941-42	1942-43	1944-45	1945-46	1946-47	1947-48
lakhs	lakhs	lakhs	lakhs	lakhs	lakhs	lakhs	lakhs
33.99	Rs. 71-78	Rs 67.02	Rs 89.03	Rs [illegible]	Rs [illegible]	[illegible]	Rs637.08 (upto 31-1

1943-44
lakhs
248_87

6. The betting Tax Act, 1935. This Act is at present in force in respect of the race meetings at Guindy (in the Chingleput district) and Ootacamund (in the Nilgiris Dist.) authorises the levy of the following taxes:---

(1) on backers in respect of all moneys paid by them into the totalizator by way of stakes on bets.

(2) on book-makers in respect of all moneys paid by them (exclusive of amount of bets) paid or agreed to be paid by them to backers.

Till November 1947, the maximum rate of tax was 6_1/4 per cent of every sum paid into totalizator and of every sum paid out by book-makers. The tax was levied at the maximum rate in respect of the meetings at Guindi and at 3-1/8 per cent in respect of the meetings at Ootacamund. The maximum rate of tax was raised to 12 1/2 per cent by the Madras Betting Tax (Amendment) Act, 1947. The tax is now being levied at the maximum rate in respect of the meetings at Guindy and at 5 per cent in respect of the race meetings at Ootacamund. A commission of one per cent of the total collections of beeting tax from book-makers at Guindy is payable to the Madras Race Club for collecting the betting tax from book-makers. The receipts under the Madras Betting Tax Act during the period from 1939-40 to 1946-47 were as follows:--

1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47
lakhs	lakhs	lakhs	lakhs	lakhs	lakhs	lakhs	lakhs.
1.66	Rs 1.40	Rs 1.37	Rs 2.01	Rs 6.71	Rs 10.61	Rs 19.11	Rs 24.79

A bill has been introduced in the Legislative Assembly in the current session for the abolition of betting in the Race Courses.

7. Commercial Taxes staff: The Commercial Taxes Department is entrusted with the administration of the Commercial Taxes. This Department is in charge of the Commissioner of Commercial Taxes who is a Member of the Board of Revenue. He is assisted in the supervision of the work of the Department by three Deputy Commissioners each of whom exercises jurisdiction over about a third of the Province. These Deputy Commissioners exercise powers of revision in respect of assesses whose turnover does not exceed Rs. 20,000 per annum.

It is proposed to make the Department permanent with effect from 1-4-1948. It is also proposed to frame separate rules for the recruitment to the various posts in this Department.

The file may be circulated to H.M. Fin for use in connection with the cut motions under grant VII.

True Copy.

of B.E. 47-52.

286.

Rx. 13458

/ENUE.

M.A. MUHAMMAD IBRAHIM SAHIB BAHADUR, M.L.A.

To reduce the allotment of Rs. ₹,11,25,400

FOR OTHER TAXES AND DUTIES. by Rs. 100

(1) to bring home the present high rate of sales tax on necessaries.
(2) to discuss the indiscriminate use of exemption of duty under S. 8(2) of the Entertainment Act by the Government and the necessity of rules being framed there under.

DEMAND NO. VII. 12

P. of B.E.47.52

530

Revenue.

R. 13756

Begum Sultan Mir Amiruddin, M.L.A.

To reduce the allotment of Rs.1,11,25,400 For other Taxes and Duties by Rs.100/-

(To discuss the Policy of the Government)

True Copy

R. No. 14074.

P. of B.E. 47-52

702

REVENUE.

DEMAND NO. VII.

Sri K. Subrahmanyam, M.L.A.

To reduce the allotment of Rs. 1,11,25,400 For OTHER TAXES AND DUTIES by Rs.100

(To Discuss the policy and administration)

True Copy

Demand for grants for further Expenditure for 1947-48.

DEMAND VII

SRI P. VENKATESWARLU, M.L.A.

To reduce the allotment of Rs. 18,62,600

R.17537. for Other Taxes and duties by Rs. 100

(To discuss about pay and allowances of the Staff in the Commercial Taxes department).

To.A.S.

Please see the cut motion above.

2. The pay of the staff in the Commercial Taxes Department is given below.

(1) Commercial Tax Officer- Rs. 300-50-700 p.m.
(same as that of a dy. Collector)
(2) Dy. Commercial Tax Officer Rs.200-10-300 p.m.
(same as that of a Tahsildar)
(3) Asst. Commercial Tax Officer Rs. 150-5-200 p.m.
(same as that of a Dy. Tahsildar).
(4) Upper Division Clerks Rs. 80-3-95-3-110 p.m.
(5) Lower Division Clerks Rs. 45-3-60-2-90 p.m.
(Graduates will start on Rs. 51 p.m.)
(6) Steno typist Same as for item 5 plus Rs. 35 pm special allowance.
(7) Typists same as for item 5 plus Rs. 10 special allo pay if he possesses Higher Grade qualification.
(8) Bill Collectors. Rs. 30-55 p.m.
(Same as in the case of a Bill Collector in the Electricity Dept.)
(9) Peons. Rs. 16-25 p.m.

They get the usual dearness and other allowances admissible to all Government Servants.

3. The file may be circulated to H.M. (Fin).

Sd xx

True Copy

NOTE FILE:

Revenue Departmer

Budget- 1948-49- Demand VII- Cut motion- No. 286.

To A.S.

Please see the cut motion at p 1 cf.

2. Item (1) Sales Tax: The Madras General Sales Tax Act 1939 was amended only recently, raising the rate of tax to 3 pies per Rupee. The enhanced rate came into force with effect from 1-1-48, after the Bill was passed by the Legislature. The matter was discussed fully in the legislature and no action is therefore called for.

3. Item (2) Exemption of tax under section 8(2) of the Madras Entertainments Tax Act 1939: Under section 8(2) the Government by a general or special order may exempt any entertainment or class of entertainments from liability to the entertainments tax. Each case was considered by the Government on merits and exemptions were granted only in deserving cases. 44 entertainments were exempted from tax under this section during 1946-47 as against 204, during 1945-46. Generally exemptions were granted to music Associations and other kindred Association who staged dramas and conducted music performances and earmarked the net proceeds to some philanthrophic or charitable purposes or to some Educational Institutions. The entertainment in some cases were partly educational, cultural or scientific. In most of these cases, the Local Officers were competent to grant exemptions under section 8(1) of the Act read with Rule 44; but since the applicatio were made direct to Government exemptions were granted by the Government under the wider powers of section 8(2). In view of the preferential rates of tax introduced with effect from 1.1.48 in respect of dramas, music performances etc, it may not be necessary to grant exemptions in respect of these tnertainments in future. Total exemptions under section 8(2) will be restricted only to particularly deserving cases, in future.

4. The same member (M.A. Md. Ibrahim Sahib Bahadur) put a question in the Assembly on the same subject and it was answered last month.

5. The file may be circulated to H.M. (Fin).

Revenue Department.

C.No. 13289 N/48)

Budget 1948-49- Demand No. VII- Other Taxes and Duties Cut motions - 120-122.

To A.S.

Please see the cut motions at p 1 cf. A copy of the cut motion has been sent to P.W.D. and they have been asked to prepare a note regarding the working of the Electricity Department and to circulate it to H.M. (Fin) thro' H.M. (P.W.D.)

2. This Department is concerned with the Commercial Taxes Department. A general note regarding all the Commercial Taxes has been separately submitted to H.M. (Fin). A copy of the note is put up at flag P Para 7 of the note deals with the C.T. Department.

3. The file may be circulated to H.M. (Fin).

Revenue Dept.

To A.S.

The demand for grant no. VII has been noted by the Legislature, No further action is necessary may be recorded.

G.O. Ms. No.775
Revenue D/2-4-48
Abstract:
Budget- 1948-49- Demand for grants- Supplementar appropriation for 1947-4 grant VII other Taxes an Duties- Cut motions- recorded.

S. Jayaramachandra Rao
Office Assistant,
Madras Record Office.